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IN THE

Supreme Court of the United States

October Term, 1973

No. 73-1805

AMERICAN DAIRY OF EVANSVILLE, INC.,
Petitioner,

v.

KRAFTCO CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

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v.

KRAFTCO CORPORATION,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Petitioner prays that a writ of certiorari issue to review the decision of the United States Court of Customs and Patent Appeals decided in the above entitled case on December 20, 1973.

Opinions Below

The opinion of the United States Court of Customs and Patent Appeals has not been officially reported. It is attached in the (Appendix A) to this Petition. The opinion of the Trademark Trial and Appeal Board is reported at 172 USPQ 537 and is reproduced here in the (Appendix B).

Jurisdiction

The decision of the United States Court of Customs and Patent Appeals was decided December 20, 1973, and a petition for rehearing was denied on March 28, 1974. A Stay of Final Mandate was granted to and including June 6, 1974. The jurisdiction of this Court is invoked under 28 U. S. C. 1256.

Questions Presented

1. Is the user of a trademark having a common prefix entitled to monopolize the marketplace to the detriment of the public by virtue of a Federal Trademark registration for a trademark with such common prefix, resulting in the perpetration of a monopoly with respect to the same common prefix used with the same goods?

2. Does the Court of Customs and Patent Appeals have the power in that context to deny registration of a trademark to applicant under Sec. 2 of the Lanham Act (15 U. S.C. 1052) on the basis of a bare comparison of the marks when the Court has not only the marks before it, but evidence of actual experience in the marketplace in the use thereof?

3. Is the statutory test of likelihood of confusion interpreted to mean that the confusion be merely possible, or must confusion be established as being probable?

Statute Involved

The Lanham Act (Chapter 22, Title 15 U. S. C. 1052, Sec. 2), the pertinent part reads:

> No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it . . .
>
> (d) consists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant to cause confusion, or to cause mistake or to deceive . . .

Statement of the Case

The Petitioner, American Dairy, located in Evansville, Indiana, is an old and well-established dairy, purchasing raw milk and processing, packaging and distributing milk, cottage cheese and ice cream in the market area of Indiana, Kentucky and Illinois.

In the fall of 1967, the Petitioner made plans to market a lowfat milk product having less solids in it than conventional two percent milk, and which would be lighter in taste and more palatable than skimmed milk. At the time of adopting the trademark "LITE N' TASTY", Petitioner was aware of the use of the trademark "LITE" for Lite Beer and the trademark "LIGHT N' LUSCIOUS" used by a competitor dairy in Evansville, Indiana, for its buttermilk promotion.

On February 5, 1969, the Petitioner filed an application for registration of its trademark "LITE N' TASTY" applied to fortified lowfat milk having use in interstate commerce on March 14, 1968. The Trademark Examiner,

after examining the application, found that "a search of the office records fails to show that the mark, when applied to applicant's goods, is confusingly similar to any registered mark." The Examiner, however, rejected the application stating that the mark was descriptive. It was pointed out to the Examiner that it was the Patent Office policy to register marks of this nature, for example, Reg. No. 738,761 issued October 2, 1962, for LITEMILK for lowfat dry milk product and LITE 'N LOW for margarine. The Examiner then found that the mark was entitled to registration, and the mark was published in the Official Gazette on January 6, 1970, for opposition purposes.

The Respondent, Krafteo Corporation, filed an opposition on June 16, 1970, based on the trademark "LIGHT N' LIVELY" and of registrations thereof, namely, Reg. No. 824,530, 852,009 and 886,819. Respondent's first use of the mark "LIGHT N' LIVELY" for imitation egg nog was in November, 1965; first use of "LIGHT N' LIVELY" for ice milk was in August, 1965; use on lowfat milk was begun in February, 1967, and by September, 1967, was in use throughout Respondent's trading area comprising the eastern half of the United States, including Indiana, Kentucky and Illinois.

Testimony was taken during the opposition proceeding by both parties, and the witness for the Respondent testified that "Appellant's television advertising featuring its mark 'LIGHT N' LIVELY' has been broadcast in all states east of the Mississippi." Respondent's witness further testified that there was no actual confusion between the marks, and Counsel for Respondent further represented this fact to the Court.

Petitioner's witness testified that there had been no actual confusion in the trade and established that the two

products have been extensively sold in the same marketing area since March, 1968, without one instance of actual confusion. Petitioner's witness further testified that advertising materials were distributed to "our 5,000 retail customers which we have in the Evansville, Kentucky, Illinois territory."

After an oral hearing, the three members of the Trademark Trial and Appeal Board unanimously found that "considering the descriptive or suggestive meaning of 'LIGHT' or 'LITE' and considering the marks in their entireties, we are of the opinion that they are sufficiently different in sound, appearance and meaning to preclude a likelihood of confusion." The entire opinion of the Trademark Trial and Appeal Board appears in Appendix A.

On December 20, 1973, the United States Court of Customs and Patent Appeals reversed the Trademark Trial and Appeal Board stating that "We think the marks, considered in their entireties, when applied to the goods involved, would be likely to lead to confusion." (underscoring added) The Court's complete opinion is attached as Appendix B.

Reasons for Granting Writ

1. In this case, the only similarity between the two trademarks "LITE N' TASTY" and "LIGHT N' LIVELY" is the prefix "LIGHT N' " and "LITE N' " which prefix is commonly used in the food industry. The term "LIGHT" or "LITE" has been used extensively to describe a low calorie food or dietary product including lowfat milk long prior to its use by the Respondent. The Marketing Manager for Respondent testified as follows:

XQ174. Do you know whether or not there are several dairies, other than Sealtest that use the word light?

A. In one form or another, yes.

XQ175. Has that now been used with lowfat milk?

A. Yes.

The President of the Petitioner testified that he was familiar with the trademark "LIGHT N' LUSCIOUS" used by a competitor dairy in Evansville, Indiana, for its buttermilk promotion prior to his adoption of the trademark "LITE N' TASTY." Thus, it is readily apparent that at this late date the Respondent, through its Federal Tradmark Registration, is attempting to monopolize a common prefix having a well-known meaning in the food industry. As long ago as 1918, the Supreme Court wrote the prescription as follows:

> "The owner of a trademark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly . . ." *United Drug Company v. Theodore Rectanus Company,* 248 U. S. 90.

The basis for protection of trademark rights, therefore, is not to foster monopoly in a product or a word, but to protect the public from confusion, mistake and deception, to foster fair competition, and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not. See: Reports of the House and Senate Judiciary Committees on H.R. 1654, Report No. 219 (House) 79th Cong., 1st Sess., and Report No. 1333 (Senate) 79th Cong., 2nd Sess.

In the case at bar, the trademarks have been used in extensive competition without one instance of actual confusion since March of 1968. The fact that "LIGHT" and

"LIGHT N' " are used in numerous trademarks on food products is evidence that these words standing alone have no trademark significance to the purchasing public which is accustomed to seeing marks and applying these terms on different products of different manufacturers.

In the testimony of Respondent's witness, Michael G. Ryan, it is established that the Respondent has used its Federal trademark registrations as a sword with respect to subsequent third party trademarks such as "LIGHT 'N MODERN", "LIGHT 'N HAPPY", "LITE N' TRIM" and "LITE N' SLIM".

The effect of the Court of Customs and Patent Appeals decision is to grant a monopoly to Respondent for a common prefix which is contrary to the intent of Congress and is in direct conflict with the decision by this Court in *United Drug Company v. Theodore Rectanus Company*, 248 U.S. 90.

2. The issue decided by the Court below is one on which there is a direct conflict in decisions of the lower Court pertaining to the same trademark "LITE N' TASTY" used with the same product. On December 20, 1973, the lower Court decision (Appendix B) reversed the Trademark Trial and Appeal Board decision (Appendix A) involving the trademarks "LIGHT N' LIVELY" and "LITE N' TASTY" holding in part that:

> "We think the marks, considered in their entireties, when applied to the goods involved, would be likely to lead to confusion."

Five weeks later on January 24, 1974, in *American Dairy of Evansville, Inc. v. Edlo Enterprises, Inc.*, Patent Appeal No. 9127, decision not published, the lower Court rendered an opinion wherein it held that there was no likelihood of

confusion with respect to the trademarks "TRIM N' TASTY" and "LITE N' TASTY." The product involved was identical in each case. The lower Court's decision of December 20, 1973, involving the trademarks "LIGHT N' LIVELY" and "LITE N' TASTY" has departed from established law with respect to determining the question of likelihood of confusion under Sec. 2 (15 U.S.C. 1052) of the Lanham Act. *In re E. I. du Pont de Nemours & Co.*, 177 USPQ 563, 476 F.2d 1357, the lower Court interpreted Sec. 2 of 15 U.S.C. 1052 as follows:

> "The phrase 'on account of its nature' in Sec. 2 clearly applies to the 'resembles' element of Sec. 2(d). But the question of confusion is related not to the *nature* of the mark but to its *effect* 'when applied to the goods of the applicant.' The only *relevant* application is made in the marketplace. The words 'when applied' do not refer to a mental exercise, but to all of the known circumstances surrounding use of the mark."

In the same decision, the Court stated:

> "A mere *assumption* that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not."

The Court further held that:

> "The ultimate question of the likelihood of consumer confusion has been termed a question of fact." *Coca-Cola Company v. Snow Crest Beverages, Inc.*, 162 F.2d 280.

In the case at bar, the record clearly establishes that the two trademarks in question have been used concurrently and continuously in the same marketplace since March of 1968 without one single incidence of actual confusion, and the record is absolutely void of any testimony or evidence that there is any likelihood of confusion. Thus, the lower Court in holding that "We think the marks, considered in their entireties, when applied to the goods involved, would

be likely to lead to confusion." (underscoring added) is in direct conflict with its decision in the *In re E. I. du Pont de Nemours & Co.*, case, cited *supra*, wherein it held "The words 'when applied' do not refer to a mental exercise, but to all of the known circumstances surrounding use of the mark." (underscoring added) In the same paragraph, the Court stated "The only *relevant* application is made in the marketplace."

The Petitioner has made uninterrupted use of the trademark "LITE N' TASTY" since March of 1968 without a single incidence of actual confusion, and it is reasonable to infer that there has been none, otherwise the Respondent would have made much of it.

The lower Court completely disregarded the only true source of the necessary information, the consumer, in making its decision based on the bare comparison of the marks before it and used a subjective standard in determining that "We think the marks . . . would be likely to lead to confusion." But hypothetical situations do not confuse the purchasing public. The public is confused only by what is done in the marketplace, by real life activity and by use of the mark. The Petitioner has extensively used the trademark "LITE N' TASTY" in the marketplace, having marketed the product in over 5,000 retail outlets. It can be reasonably presumed that if no one appears to have been actually confused after such substantial time (since March, 1968), the fact is strongly probative that there is no likelihood of confusion arising out of the use of the mark in question.

The Petitioner has been denied registration by the lower Court decision and, therefore, deprived of the accompanying valuable rights of registration which it may have

gained if the normal standard of confusion were applied. The rights conferred upon a registrant by the Lanham Act include:

> Access to the federal courts without having to satisfy the ordinary jurisdictional grounds; constructive notice of the registrant's claim of ownership; presumption of validity of the registration; ownership of the mark and exclusive rights to its use in commerce on the identical goods and services; a "statute of limitations" with respect to grounds for cancellation and invalidity; and a means of excluding importation of goods having marks which copy or similate the registered marks.

The Court should apply only a confusion of source standard to registration proceedings. If a purchaser would not be confused as to whose product is sold in the marketplace, then the Lanham Act is satisfied and registration should be granted to the Petitioner.

3. The essence of this case is that the lower Court's interpretation of Sec. 2 of the Lanham Act to prevent Petitioner's registration of its trademark, based on a subjective test by the Court on a common prefix, denies Petitioner its trademark rights and grants the Respondent an unlimited monopoly to the common prefix contrary to the intent of Congress.

The lower Court reversed the Trademark Trial and Appeal Board on the basis of a bare comparison of the marks and made no factual finding that the Trademark Trial and Appeal Board's decision was clearly erroneous with respect to the facts or law involved. The Petitioner went before the lower Court with substantial evidence of no actual confusion, and in such case there is no need of any theoretical argument, no necessity for a discussion of probabilities, and no requirement for speculation as to whether likelihood of confusion is to occur or not. It has

not occurred although the trademarks in question have been contemporaneously used on the same goods and sold through the same channel of trade since March of 1968.

"Generally, the statutory test of likelihood of confusion is interpreted to mean that the confusion must be probable, not merely possible." See R. Callmann, *The Law of Unfair Competition, Trademarks and Monopolies,* Sec. 80 (3d Ed. 1969). In *Norton Company v. Bear Manufacturing Company,* 169 USPQ 44, 438 F.2d 620, the lower Court has held "Mere possibility of confusion will not prevent registration." Thus, in the case at bar, the Court's finding "We think the marks . . . would be likely to lead to confusion." is inconsistent with the statutory test of likelihood of confusion for Sec. 2 of the Lanham Act. As the record stands, no possibility of likelihood of confusion exists, and the Respondent should bear a very heavy burden of proving that confusion is likely, a burden Respondent did not discharge. The continued use of a subjective test puts speculation and conjecture in the place of purely representative facts. The Congressional intent with respect to Sec. 2 of the Lanham Act was to modernize trademark law to conform to modern business practices and to encourage competition by making possible free choice between competing merchants.

Conclusion

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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Fort Wayne, Indiana 46802.

May, 1974.

APPENDIX "A"

Opinion of the Trademark Trial and Appeal Board.

Hearing: DLC
November 3, 1971 Paper No. 35

U. S. DEPARTMENT OF COMMERCE
PATENT OFFICE

TRADEMARK TRIAL AND APPEAL BOARD

KRAFTCO CORPORATION,

v.

AMERICAN DAIRY of EVANSVILLE, INC.,

Opposition, No. 50,728, to application Serial No. 318,358, filed February 5, 1969.

Nims, Halliday, Whitman, Howes, Collison & Isner for Kraftco Corporation.

Jeffers and Rickert for American Dairy of Evansville, Inc.

Before Leach, Waldstreicher, and Shryock, Members.

Opinion by Waldstreicher, Member:

American Dairy of Evansville, Inc. filed an application on February 5, 1969 to register "LITE N' TASTY" for a fortified low fat milk. Use since March 14, 1968 is alleged. The word "TASTY" was disclaimed apart from the mark.

Opinion of the Trademark Trial and Appeal Board

Registration was opposed by Kraftco Corporation, registrant of "LIGHT N' LIVELY" for imitation egg nog;[1] ice milk and fluid milk from which a portion of the fat has been removed;[2] and of yogurt, cottage cheese and buttermilk, from which a portion of the fat has been removed.[3]

Opposer presented the testimony of its Marketing Manager for Dairy Products Sealtest Foods Division and the stipulated testimony of its trademark counsel. Opposer also relies upon the discovery testimony of applicant's president. Applicant presented the testimony of its president.

In the fall of 1966, opposer developed a low fat milk which was introduced under the mark "LIGHT N' LIVELY" into a test market in Peoria, Illinois sometime in February, 1967. The product was also introduced in a number of other test markets and in September, 1967, "LIGHT N' LIVELY" was introduced into the balance of opposer's serving area, comprising the eastern half of the United States. Previous to the introduction of "LIGHT N' LIVELY" low fat milk, opposer sold ice milk under that mark in Memphis, Tennessee and had sold "LIGHT N' LIVELY" diet cottage cheese. Opposer has continued the use of the mark "LIGHT N' LIVELY" on low fat milk, low fat cottage cheese and ice milk to the present and in addition extended the use of the mark to yogurt, also a low fat milk product.

Opposer's sales of "LIGHT N' LIVELY" low fat milk and low fat milk products during the period 1965 through

[1] Reg. No. 824,530, issued Feb. 21, 1967.
[2] Reg. No. 852,009, issued July 2, 1968.
[3] Reg. No. 886,819, issued Feb. 24, 1970.

October, 1970 approximated $98,935,000, two-thirds of which represent sale of low fat milk during the period 1967 through October, 1970.

Opposer has promoted its products under the mark "LIGHT N' LIVELY" to the general public and to the trade utilizing spot advertising on television and radio, point-of-purchase devices, magazine advertising, trade journal advertising, and brochures. Opposer has expended in excess of $8,000,000 for such promotion of which ninety per cent represents television spot advertising.

Opposer's witness admitted that there are several dairies, other than his employer, who use the word "light" in one form or another in connection with the sale of low fat milk.

Applicant is a dairy purchasing raw milk and processing, packaging and distributing milk, cottage cheese, and ice cream in a market area comprising Indiana, Kentucky, and Illinois. Sometime in the fall of 1967, applicant made plans to market a low fat milk. At that time, applicant was aware of opposer's "LIGHT N' LIVELY" low fat milk albeit applicant was not aware of the actual sales of the product by opposer. Applicant, however, was also aware of the use of "LIGHT 'N LUCIOUS" in connection with the sale of buttermilk by a third party.

Applicant began marketing "LITE N' TASTY" low fat milk in early 1968. In May, 1968, applicant received a letter from opposer's attorneys protesting in behalf of opposer applicant's use of the mark "LITE N' TASTY". Applicant, notwithstanding, continued to market its low fat milk product under the mark "LITE N' TASTY" and

its sales thereof during the period 1968 through 1971 (projected) approximated 5,217,000 pounds.

Applicant has promoted the sale of "LITE N' TASTY" low fat milk by means of handouts, point-of-purchase devices, television spots and newspaper advertising. Applicant's expenditures for such promotion approximated $35,000.

It is indicated in the testimony of applicant's president that "X-TR-LITE" and "JERRYS LIGHT 'N MODERN" were being used as trademarks for low fat milk and that he has seen "LITE LINE" low fat milk in an Indianapolis supermarket.

By stipulation, applicant introduced into evidence a number of trademark registrations disclosing marks including "LIGHT" or "LITE" for foods.

There is no issue as to priority and both parties use their respective marks on low fat milk. The sole question is whether "LITE N' TASTY" so resembles "LIGHT N' LIVELY" as to be likely to cause confusion or mistake or deception.

It is opposer's contention that the marks "are identical in legal contemplation with respect to the dominant portion of each"; that the marks have overall similarities; that each have the same number of syllables, the same stress pattern and are similarly structured; and that the marks have identical connotations.

Opposer submits that considering the identical nature of the products "and the great celebrity of opposer's mark", there is a substantial likelihood of confusion.

Applicant argues that "LIGHT" is not a coined term but rather is a term used to denote "low in calories" with regard to food products; that the term "LIVELY" does not suggest "TASTY"; and that the marks in their entireties are sufficiently different in sound, appearance and meaning to offset any possible likelihood of confusion or mistake as to the source of the goods sold thereunder.

The third-party registrations of marks including "LITE" and the third-party uses of marks including said term for low fat milk and like products indicate that "LITE" or its equivalent "LIGHT" is suggestive or descriptive as applied to such products. See: Shoe Corporation of America v. The Juvenile Shoe Corporation of America, 121 USPQ 510 (CCPA, 1959). Further, the word "light" means "containing less than the legal, standard or usual weight" (Webster's Seventh New Collegiate Dictionary), and it is apparent that said word does aptly describe a low fat milk in that sense since such milk has less butterfat than regular milk. Opposer, while not admitting to any descriptiveness inherent in the word "light", does admit that it suggests "a characteristic attributable to the goods because of their low butterfat content". While opposer has enjoyed a substantial good will in its mark, it does not appear that it has acquired a secondary meaning in the initial portion of its mark.

Considering the descriptive or suggestive meaning of "LIGHT" or "LITE" and considering the marks in their entireties, we are of the opinion that they are sufficiently different in sound, appearance and meaning to preclude a likelihood of confusion. While opposer equates the word "lively" with the word "tangy" and the word "tangy" with the word "tasty", such reasoning in our opinion cannot be

ascribed to the general purchasing public since low fat milk is not tangy.

Decision:

The opposition is dismissed.

M. LEACH,

H. WALDSTREICHER,

R. F. SHRYOCK,

Members, Trademark Trial and Appeal Board.

APPENDIX "B"

Decision of the United States Court of Customs and Patent Appeals

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

KRAFTCO CORPORATION,

Appellant,

v.

AMERICAN DAIRY OF EVANSVILLE, INC.,

Appellee.

Patent Appeal No. 9087.

Opposition No. 50,728.

Decided: December 20, 1973.

MARKEY, *Chief Judge.*

DECISION

The decision of the Trademark Trial and Appeal Board is *reversed.* Lane, Judge, did not participate in this decision.

OPINION

We think the marks, considered in their entireties, when applied to the goods involved, would be likely to lead to confusion. If considerations of descriptiveness of "light" and third party registrations and uses were to raise a doubt, which to us they do not in this case, that doubt would be properly resolved against the newcomer appellee.

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SUPREME COURT, U.S.
JUN 22 1974
MICHAEL RODAK, JR.,

IN THE

Supreme Court of the United States

October Term, 1973

No. 73-1905

AMERICAN DAIRY OF EVANSVILLE, INC.

Petitioner,

—against—

KRAFTCO CORPORATION,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

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IN THE

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AMERICAN DAIRY OF EVANSVILLE, INC.,

Petitioner,

—against—

KRAFTCO CORPORATION,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Respondent, Kraftco Corporation, opposer in the United States Patent Office, appellant below, prays that this Court not issue a writ of certiorari to review the judgment of the United States Court of Customs and Patent Appeals entered in the above entitled case on December 20, 1973.

Question Presented

Did the Court of Customs and Patent Appeals wrongfully decide that the claimed trademark of the petitioner, "LITE N' TASTY," so resembles a mark registered in the Patent Office, namely, respondent's mark "LIGHT N'

LIVELY" as to be likely when applied to the goods of the petitioner, lowfat milk, to cause confusion, or to cause mistake, or to deceive.

The Statute Involved

The Petition refers to the Statute Involved as the Lanham Act. Since there are five acts referred to in *Shepard's Acts and Cases by Popular Name* as Lanham Acts and the Statute here involved is commonly referred to as the Trademark Act of 1946 that name will be used herein, as it more accurately distinguishes it from the prior Trademark Acts of 1920, 1905 and 1881.

I Counter-Statement Of The Case

The nature of the proceedings below is difficult, if not impossible, to glean from the petitioner's Statement of the Case.

This is a trademark opposition proceeding that arose in the United States Patent Office before the Trademark Trial and Appeal Board. It involves the right of petitioner to register its claimed trademark "LITE N' TASTY" for lowfat milk. The decision of the Court of Customs and Patent Appeals denied that registration. The opinion of the Court Below shows that the basis of the denial of the right to register was that the mark sought to be registered, LITE N' TASTY, was likely to cause confusion with a previously registered mark because, considered in its entirety, when applied to the goods involved, it so closely resembled that previously registered mark, LIGHT N' LIVELY.

It is a simple opposition proceeding involving only the question of likelihood of confusion. No issues of interpretation, be it of a statute, treaty, ordinance or regulation,

are involved. Nor is there any Constitutional significance to the issue raised herein.

Petitioner, in its Statement of the Case, as it does throughout its Petition, mis-states the proofs as to evidence of confusion and concurrent use of the marks. Statements by petitioner that there was evidence of no actual confusion and of extensive concurrent use in the same marketing area appear on pages 4, 5, 6, 8, 9 and 10 of the Petition. For the reasons stated below such statements must be considered as misleading and in error.

1. The fact is that there was no testimony as to any instance of actual confusion, but there was no testimony by any witness of respondent that there was no actual confusion. While remarks of counsel to the Court Below during argument are not part of the record, it was not represented there, as petitioner states it was, page 4, that there was no actual confusion. Throughout the briefing of this case, petitioner has had to be advised that testimony that the witness, whether called by respondent or petitioner, did not know of any instance of actual confusion, is not testimony that there is no actual confusion.

Contrary to the statement at page 10 that there was "substantial evidence of no actual confusion," petitioner did not introduce evidence of no actual confusion. Petitioner's witness, its president, merely testified that he did not know of any actual confusion.

2. Petitioner's Statement of the Case also implies that the marks have been extensively used in the same marketing area since March 1968. This is not the fact.

The petitioner's date of first use is March 14, 1968. The respondent's testimony was taken on December 8, 1970. Thus, the only testimony as to use of the two marks during

the same time period is March 14, 1968 to December 8, 1970, not for the six year period implied by petitioner's statement at pages 4 and 5.

The petitioner's statement of the case implies, by use of the phrase "The market area of Indiana, Kentucky and Illinois", that the marketing area of petitioner is Indiana, Kentucky and Illinois. In actuality, the market area referred to is a 100-mile radius of Evansville, Indiana, which covers portions of the three states. (R 27). Respondent's witness testified that the only advertising of LIGHT N' LIVELY in Indiana would be "spill-over," (R 94) and respondent's witness said that he did not know if respondent's LIGHT N' LIVELY lowfat milk was sold in Evansville, Indiana.

II Reasons Why Certiorari Should Be Denied

A. The decision denying trademark registration to Petitioner being based on the Finding by the Court of Customs and Patent Appeals that the Marks, Considered in Their Entireties, When Applied to the Goods Involved Would Be Likely to Lead to Confusion Shows No Review is Necessary Since it is Not in Conflict with any Decision of this Court, is not in Conflict with Other Decisions of the Court of Customs and Patent Appeals and Fulfills the Intent of Congress in Enacting the Trademark Act of 1946.

1. The Congressional Intent in Prohibiting the Registration of Marks Which Are Likely to Cause Confusion When Applied to the Goods of the Parties Does Not Create Unlawful Monopolies in the Use of Words and is Fulfilled by the Decision of the Court Below

Contrary to the contention of petitioner, page 7, the decision of the Court of Customs and Patent Appeals, for which review is sought, is not contrary to the intent of Congress nor is it in conflict with a decision of this Court. There is no basis for granting the writ upon the first reason stated.

The opinion of the United States Court of Customs and Patent Appeals (Appendix B), filed with the decision which the petitioner prays this Court to review, clearly shows that no monopoly has been granted to respondent for a "common prefix," as petitioner erroneously contends in its first reason for granting the writ.

The opinion of the Court of Customs and Patent Appeals states as follows: "We think the marks, *considered in their entireties*, when applied to the goods involved, would be likely to lead to confusion." (Emphasis supplied.) This statement obviously does not give a monopoly to respondent with respect to all uses of the prefix "LIGHT N' ". The only protection to which respondent is entitled with respect to that prefix is when it is joined with the word "LIVELY" or some other term which is confusingly similar to "LIVELY" as applied to lowfat milk and related products.

Petitioner is wrong when it states at page 5 that the only similarity between the marks is the prefix "LIGHT N' " and its phonetic equivalent "LITE N' ". When the words "LIVELY" and "TASTY" are joined with said prefix and applied to lowfat milk, such words also create a confusing similarity of significance and commercial impression.

This decision follows a long line of cases decided by the Court of Customs and Patent Appeals which hold that the issue of likelihood of confusion between two marks is to be judged by a consideration of the marks in their entireties, not by comparison of their component parts, and of the marks as used on the goods of the parties. This rule is set forth clearly in *United-Hagie Hybrids* v. *Escambia Chemical Corp.*, 404 F.2d 987, 989 (CCPA, 1969):

> "Viewing the respective marks of the parties in their entireties, as we must, and considering the

different nature of the agricultural products, * * *" (page 989)

In trying to present a reason for this Court to grant a writ of certiorari, petitioner has leaned upon a thin reed in its reliance on the decision of this Court in *United Drug Company* v. *Theodore Rectanus Company*, 248 U.S. 90 (1918). At page 6 of the Petition, the petitioner quotes, out of context, the statement of this Court that "The owner of a trademark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly." (Pages 97-98). In the *Rectanus* case, the Court was concerned not with a right to register a trademark in the Patent Office but with the effect to be given a United States trademark registration, under the Act of 1905, when the owner thereof by expanding his trade to distant markets came in conflict with subsequent but good faith adoption and use of the same or similar mark. Under the Trademark Act of 1905 a registration was not constructive notice of the rights of the registrant. The Court said with respect thereto, "Nor is there any provision making registration equivalent to notice of rights claimed thereunder." Accordingly, this Court held that by merely registering a mark, the registrant did not have a monopoly over its use in markets where the mark was not known or used.

This policy has been changed. The Trademark Act of 1946 now provides in Section 22, 15 U.S.C. 1072, that "registration of a mark on the Principal Register provided by this Act or under the Act of March 3, 1881, or the *Act of February 20, 1905*, shall be constructive notice of the registrant's claim of ownership thereof." Thus, not only is the petitioner's reference to the case of *United Drug Company* v. *Theodore Rectanus Company* made without

reference to the facts or holding in that case, but it is clear that the intent of Congress in enacting the Trademark Act of 1946, the Statute involved, was that the owner of a trademark registration shall have a monopoly as to the use of that mark on the goods covered by the registration, or as to any mark which so resembles the previously registered mark that when applied to the goods of the second comer, confusion as to source is likely.

Finally, the petitioner's contention (Pet. pages 8, 9) that the Court below departed from its decision in *E. I. duPont de Nemours & Co.*, 476 F.2d 1357, (C.C.P.A. 1973) by disregarding the realities of the market place is completely without merit.

One of the realities of the marketplace is that the absence of extensive concurrent use of the marks, as was the case herein, explains the lack of evidence of actual confusion where one mark is held to so resemble another when applied to the goods involved that confusion is likely.

Another reality of the marketplace recognized in Section 22 of the Trademark Act of 1946 is the right of the registrant to expand the use of the mark to new markets after registration without interference by subsequent local users. The decision of the Court of Customs and Patent Appeals in this case, as in its other cases where a likelihood of confusion has been found despite a lack of proof of actual confusion, protects the public from deception.

Since the reality of the situation is that respondent has the right to expand its use of its registered mark to the petitioner's marketing area, the decision of the Court below recognizes that confusion of the public is likely when that expansion takes place and, therefore, because it is the public interest that is to be protected, the application for registration of the confusingly similar mark has been denied, as was the intent of Congress in enacting the Trademark Act of 1946.

Before the enactment of the Trademark Act of 1905 and long before the enactment of the Trademark Act of 1946, it was recognized that "It does not tend to foster monopoly to sustain the right, if one has acquired it, to the exclusive use of a trademark, the establishment of such a right does not restrain in any degree the manufacture or sale by others of the article or commodity to which the trademark is attached. It is simply the protection of property." *Independent Baking Company* v. *Boorman*, 138 Fed. 726, 728 (D. N.J., 1904)

There is, therefore, no conflict between the decision of the Court of Customs and Patent Appeals and any decision of this Court or Statute of the United States.

2. The Decision of the Court of Customs and Patent Appeals was not a Departure From the Rules of Law Established by that Court for Determining the Issue of Likelihood of Confusion

The desperate position of the petitioner is further demonstrated by its second stated reason for granting a writ of certiorari. The petitioner claims that the decisions rendered by the Court of Customs and Patent Appeals in two cases involving petitioner's trademark are in direct conflict. Nothing can be further from the truth, and it is submitted that it is petitioner's position in the two cases that presents a conflict and not the decisions of the Court of Customs and Patent Appeals.

Petitioner contends that LITE N' TASTY does not so resemble LIGHT N' LIVELY, when applied to lowfat milk, that confusion is likely. The Court of Customs and Patent Appeals did not agree with this contention.

The petitioner also contended in *American Dairy of Evansville* v. *Edlo Enterprises*, that TRIM N' TASTY does so resemble LITE N' TASTY, when applied to lowfat milk,

that confusion is likely. The Court of Customs and Patent Appeals did not agree with this contention.

While the record herein shows the considerable sales which respondent has made, the extensive advertising of LIGHT N' LIVELY, and the manner in which the mark has been presented to the public, there is no way here of judging what facts as to use and advertising were presented in the case of LITE N' TASTY and TRIM N' TASTY.

From time immemorial the Court of Customs and Patent Appeals has stated that each case must be decided on its own facts and the citation of prior cases is of little value in judging the question of confusing similarity between two marks. The Court of Customs and Patent Appeals, in commenting on the decisional process in likelihood of confusion cases, has stated, "As so often said, each case must be decided on its own facts." In re *E. I. duPont de Nemours & Co.*, 476 F.2d 1357, 1361 (1973).

Certainly, the findings of likelihood of confusion in this case and the failure to find it in *American Dairy of Evansville, Inc.* v. *Edlo Enterprises* is not the conflict in lower court decisions for which certiorari is to be granted.

The petitioner, in arguing that the Court of Customs and Patent Appeals, referred to by petitioner as the Lower Court, has departed from established law in holding that LITE N' TASTY so resembles LIGHT N' LIVELY as applied to lowfat milk, relies on the case of *E. I. duPont de Nemours & Co.*, 476 F.2d 1357 (CCPA, 1973), and again erroneously states, page 8, that the record clearly establishes that the two trademarks in question have been used concurrently and continuously in the same marketplace since March 1968, without one single instance of actual confusion.[1]

[1] The petitioner's misconception of the facts as to concurrent use and evidence of confusion are discussed in respondent's Counter-Statement of the Case. *Supra*, pp. 3-4.

First, there is no evidence of concurrent use in the same marketplace. Secondly, the testimony as to use of the two marks during the same time period is March 14, 1968 to December 8, 1970. The implication that the marks have been used concurrently and continuously in the same marketplace for six years simply does not stand scrutiny.

In support of its second reason for grant of the writ, the respondent is seeking to impose a rule that actual confusion is necessary in trademark opposition cases. The rule has always been in the Court of Customs and Patent Appeals that proof of actual confusion is not essential to a finding of likelihood of confusion. *Southern Enterprises, Inc.* v. *Burger King of Florida, Inc.*, 419 F.2d 460 (1970). *Coca Cola Company* v. *Clay*, 324 F.2d 198 (1963).

In *Salem Commodities Inc.* v. *Miami Margarine Co.*, 244 F.2d 729 (CCPA 1957), the Court reversed the decision dismissing the opposition to registration of NU-MAID for margarine based upon the opposer's prior use of NU MADE for salad dressing, sandwich spread and French dressing. The opposer had used its mark for mayonnaise since 1935. The applicant had used its mark since 1936. The Court said (page 731):

> "The record indicates that there has been concurrent use by the parties of their respective marks for a long period, and there is no evidence of actual confusion. However, there is no clear showing as to the extent to which the goods were sold in the same localities. *It is well settled that evidence of actual confusion is not necessary to show that likelihood of confusion exists. Norris, Inc.* v. *Charms Co.*, 111 F.2d 479, 27 CCPA, Patents 1174. Under the circumstances of this case, and in view of the close similarity between the marks involved, we are

> of the opinion that the lack of evidence of actual confusion does not establish that confusion would not be likely to occur from the concurrent use of those marks." (Emphasis added)

The petitioner's additional argument that the Court of Customs and Patent Appeals did not consider the significance of the marks as applied to the goods in the marketplace is equally without merit.

The respondent introduced evidence of extensive use and wide advertising of its mark in which the theme was stressed that respondent's LIGHT N' LIVELY mark is low in fat but has regular milk taste. This advertising acknowledged the fact that many people are reluctant to drink lowfat milk because they believe it lacks taste, or regular milk flavor. (Opp. Exs. 44-56; R 69)

While the marks are not shown to have been used concurrently in the same marketplace, there was evidence that in the market situation involved, the words "LIVELY" and "TASTY" in the marks LIGHT N' LIVELY and LITE N' TASTY have the same meaning and stimulate the same reaction—namely, lowfat milk with the taste of regular milk. Respondent's mark suggests this and the mark of petitioner, the second comer, describes it. The finding of confusion by the Court of Customs and Patent Appeals obviously took into consideration, as the duPont court cautioned, "all of the known circumstances surrounding use of the mark," which were in the record before it and did not merely engage in a mental exercise.

The petitioner, in discussing *E. I. duPont deNemours*, from which it claims the Lower Court departed, fails to set forth the 13 enumerated considerations that the Court stated "when of record, must be considered." There was evidence of six of these considerations and there was

nothing in the opinion to indicate that the decision was not based on consideration of such evidence. This evidence includes:

(1) The similarity of the marks in their entireties as to appearance, sound, connotation and commercial impression;

(2) The similarity and nature of the goods, which here are identical;

(3) The similarity of established likely to continue trade channels;

(4) The conditions under which and buyers to whom sales of impulse items such as lowfat milk are likely to occur;

(5) The fame of a prior mark as shown by sales, advertising and length of use; and

(6) The variety of goods on which the prior mark is used.

Clearly, by any test the decision of the Court Below is not in conflict with its own rules for determining likelihood of confusion enunciated In re *E. I. duPont deNemours & Co.*, 476 F. 2d 1357 (1973).

3. The Opinion of the Court of Customs and Patent Appeals Shows that its Decision was Reached by Applying the Statutory Language of Section 2(d) of the Trademark Act to the Facts of the Case and that it Was Not Based Upon Speculation

The third reason submitted by the petitioner for the granting of a writ of certiorari repeats one of the contentions set forth in the other two reasons, namely, the argument that there is no evidence of actual confusion. As set forth in reason 3, pages 10-11, it is no more persuasive than in the other two ineffectual arguments.

Frankly, it is difficult to understand petitioner's presentation of the third reason as stated in the paragraph following No. 3 on page 10. Presumably, what petitioner intends to say is that the Court of Customs and Patent Appeals found likelihood of confusion by making a simple comparison of the marks and having found each to bear the prefix "LIGHT N' ", or its phonetic equivalent, concluded the marks were confusingly similar. The result, as characterized by petitioner, is to grant respondent an unlimited monopoly to the prefix "LIGHT N' ", a monopoly which petitioner contends is contrary to the Congressional intent in enacting the Trademark Act of 1946. Examination of the argument shows that there is no basis in fact or law for agreeing with petitioner.

First, petitioner wrongly asserts that there was "substantial evidence of no actual confusion." This bald assertion has no documentation in the record and, indeed, there cannot be any. There may not have been any evidence of actual confusion, but there certainly was no evidence adduced that there was no actual confusion. *Supra* page 3. As has been repeatedly pointed out to petitioner, the record only shows that no one who testified knew about anyone being actually confused, but this is not evidence that there has been no actual confusion.

Secondly, the petitioner's assertion that the Court Below reversed the decision of the Trademark Trial and Appeal Board on the basis of a bare comparison of the marks is not justified by reference to the opinion set out in Appendix B to the Petition. The opinion shows that the marks were considered in their entireties and as applied to the goods involved.

Thirdly, petitioner implies that the opinion which states "we think the marks, considered in their entireties, when

appled to the goods involved, would be likely to lead to confusion" indicates a speculation by the Court Below on the probability of confusion. Here, again, the petitioner fails to comprehend the clear import of the Court's language. There is no indication in the Court's opinion that they doubted the correctness of their conclusion. Their conclusion is not stated as a probability or a possibility. It is a flat statement that the four judges of the Court of Customs and Patent Appeals, charged with hearing appeals in trademark matters day in and day out, have concluded that the marks, considered in their entireties, when applied to the goods involved, would be likely to lead to confusion. This opinion is totally consistent with the intention of Congress that no mark shall be registered which so resembles a mark registered in the Patent Office as to be likely, when applied to the goods of the applicant, to cause confusion, or to cause mistake, or to deceive. 15 U.S.C. 1052(d).

The decision and opinion of the Court of Customs and Patent Appeals is in no way in conflict with the Trademark Act of 1946 or the intent of Congress in enacting said Statute.

CONCLUSION

There are no important or special reasons for granting a writ of certiorari in this case.

The case does not involve the Constitutional validity of the Trademark Act of 1946 nor does it involve construction of that Statute.

At page 8 of the Petition, the petitioner quotes the Court of Customs and Patent Appeals to the effect that, "The ultimate question of the likelihood of consumer con-

fusion has been termed a question of fact. *Coca Cola Company* v. *Snow Crest Beverages, Inc.*, 162 F.2d 280." *In re E. I. duPont deNemours & Co.*, 476 F.2d 1357, 1361.

Stripped of its inaccurate, undocumented assertions, the petitioner really presents a request that the Court review a question of fact in an ordinary trademark opposition.

There is no showing that the decision of the Court of Customs and Patent Appeals in this case is in conflict with the decisions of this Court, the Court of Customs and Patent Appeals or any other Court.

References to the 13 enumerated criteria for determining the question of likelihood of confusion as set forth by the Court Below in its earlier decision of *In re E. I. duPont deNemours & Co., supra,* shows that the Court Below did not depart from the usual course of judicial proceedings in determining the sole issue presented in this opposition proceeding, namely, does the petitioner's mark so resemble the previously registered mark of respondent that when applied to the goods of petitioner it is likely to cause confusion, deception or mistake.

The clear language of the Court Below shows that it considered the criteria it had enumerated and its decision shows that it followed the statutory prohibition against registering confusingly similar marks.

The Petition should be denied.

Respectfully submitted,

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SUPREME COURT, U. S.

JUL 18

MICHAEL RODAK, JR.

IN THE

Supreme Court of the United States

October Term, 1973

No. 73-1805

AMERICAN DAIRY OF EVANSVILLE, INC.,
Petitioner,

against

KRAFTCO CORPORATION,
Respondent.

PETITIONER'S REPLY TO RESPONDENT'S BRIEF

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PETITIONER'S REPLY TO RESPONDENT'S BRIEF

Respondent has made deliberately erroneous and misleading statements in its brief in opposition to the granting of Petitioner's Petition For A Writ of Certiorari. Such erroneous and misleading statements run throughout Respondent's brief in that Respondent represents to the Court that there was no evidence of concurrent use of the two marks in the same marketplace; and that there was no evidence of no actual confusion. As an example of such erroneous statements, at page 10 the Respondent states: "First, there is no evidence concurrent use in the same marketplace." At page 13 Respondent states: "First, petitioner wrongly asserts that there was 'substantial evidence of no actual confusion.'" The Respondent further compounds the effect of such misleading statements by stating at page 7 of its

brief: "Since the reality of the situation is that respondent has the right to expand its use of its registered mark to the petitioner's marketing area, . . ." Thus, Respondent has deliberately attempted to mislead the Court into believing that the two marks in question have not been in concurrent use.

With respect to concurrent use, Mr. Hottenstein, the President of the Petitioner, testified as follows:

R. 27

Q.12. And what is the geographic area within which you operate? A. The geographic area would be approximately a hundred-mile radius of Evansville. . . .

Q.13. What states are encompassed within that hundred-mile radius? A. Indiana, Kentucky and Illinois.

R. 44

Q.134. And in what area was the product being sold between March '68 and February '69? A. It was sold in the three-state area where we operate.

Q.135. And is that true from the very beginning? A. Yes.

R. 52

Q.178. Have you seen any ice milk cartons for the "Light N' Lively" product? A. Yes, I have.

Q.181. Where is that located? A. Here in Evansville.

R. 121

Q.72. In what states do you market your product? A. Kentucky, Illinois and Indiana.

Mr. Paschkes, the Marketing Manager for Respondent, testified with respect to its marketing area as follows:

R. 63

Q.23. By what time had you covered those 29 states with the Light N' Lively low fat milk? A. . . . To the best of my recollection, we were selling the product in all other 28 states by end of 1968. . . .

R. 64

Q.27. Do you have any recollection of the extent of the states covered by the end of 1967 with the Light N' Lively low fat milk? A. I would say all but the seven that I mentioned before. And to the best of my recollection, the seven included Massachussetts, Connecticut, New Jersey, Virginia, Georgia, Alabama, Mississippi. I could be wrong.

Q.28. Were you in those states by the end of '68? A. To the best of my recollection, all but Mississippi.

R. 67

Q.50. What states are covered by the central division? A. Northern Tennessee, up to Wisconsin and including Illinios, Indiana, Missouri, Kansas, Kentucky. . . .

R. 70

Q.67. In what area have Exhibits 44 through 56 been used? A. . . . In all markets in which we have used television, with the exception of the markets in the State of Louisiana.

Q.70. Does your television spot commercial advertising the Light N' Lively product go into areas where the product is actually not being sold? A. Yes.

R. 90

XQ.197. Does Sealtest market in Evansville, Indiana? A. Yes, we do.

XQ.198. Do you market the Light N' Lively trademark product in Evansville? A. A Light N' Lively trademark product, we do. It is most likely the ice milk. I don't know if Light N' Lively low fat milk is sold there or the other two dairy products.

XQ.199. Is the Light N' Lively low fat milk sold in Indiana? A. I would have to review the list of markets in Indiana. I believe it is sold in Indiana, but I couldn't say for sure.

XQ.200. How about Kentucky? A. Yes, it is sold in Kentucky.

XQ.201. Illinios? A. Yes.

R. 94

XQ.235. Do you market your trademark products Light N' Lively in Louisville, Kentucky? A. Yes, we do.

The Respondent, in its brief to the United States Court of Customs and Patent Appeals, represented at page 5 "Appellant's television advertising featuring its mark Light N' Lively has been broadcast in all States east of the Mississippi." Judicial notice can be taken that Indiana, Illinois and Kentucky are east of the Mississippi.

Mr. Hottenstein testified with respect to no actual confusion as follows:

R. 46

Q.151. Do you know whether there's been any reports received at American Dairy of Evansville, Inc. as to any members of the public having inquired as to a connection between your "Lite N' Tasty" and the "Light N' Lively" product? A. No questions have ever been brought to my attention and I've checked with other people since your record here and to my knowledge, nothing has ever been asked about the difference in the quality of the product. . . . And no connection . . .

R. 121

Q.71. Since you have been marketing the product "Lite N' Tasty", have you had any actual confusion in the trade with your product? A. There has at no time ever to anyone in the management of the company, and we have not had any concern whether there was any confusion of the product.

Mr. Paschkes testified with respect to no actual confusion as follows:

R. 91

XQ.209. You have not heard of any likelihood of confusion between the trademarks "Lite N' Tasty" and "Light N' Lively", is that correct? A. I personally have not.

In *Glenwood Laboratories v. American Home Products Corp.* 455 F.2d 1384, Judge Giles Rich stated:

"The record fails to show any instance of actual confusion, and I think it is reasonable to infer that there

has been none, else Appellee would have made much of it."

Thus, in the case at bar, if there had been any actual confusion, the Respondent certainly would have introduced it as evidence.

The Respondent further attempts to mislead the Court by stating at page 10 of its brief: "Secondly, the testimony as to the use of the two marks during the same time period is March 14, 1968 to December 8, 1970." The Petitioner's testimony in chief was taken on February 5, 1971. (R.107)

At page 5 Respondent states that: . . ."The only protection to which respondent is entitled with respect to that prefix is when it is joined with the word 'LIVELY' or some other term which is confusingly similar to 'LIVELY' as applied to lowfat milk and related products." As to date, the Respondent has equated "some other term" as being modern, happy, trim, slim, and tasty. (R.147-149) The Respondent has sought protection of its Federal Registered trademarks with respect to such third party marks as "LIGHT 'N MODERN", "LIGHT 'N HAPPY", "LITE N' TRIM" and "LITE N' SLIM". (R.147-149) Thus, the Respondent will continue to use its Federal Trademark Registrations as a sword to create an illegal monopoly with any other term used with the common prefix, which is contrary to the intent of Congress.

The Petition For Writ Of Certiorari should be granted for the reasons set forth in the Petition.

Respectfully submitted,

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